



MEDIA RELEASE

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SunRice delivers on its promises with a positive outlook

Leading Australian branded food business SunRice today presented its full financial results to the Annual General Meeting of shareholders held in Jerilderie, telling shareholders the company is well positioned for the future having passed the milestone of one billion dollars in annual revenue for the first time in the company's history.

The financial results included a profit after tax of \$33.9 million - more than double that posted in the previous year – and a year-end gearing of 66 per cent, exceeding the company's target of 70 per cent. SunRice growers harvested more than 800,000 tonnes of rice during that year, of which more than 400,000 tonnes of processed product was exported.

SunRice was able to generate \$275 per tonne for medium grain for the 2011 crop, which resulted in a final payment of \$255 per tonne to growers and retentions of \$20 per tonne. The fully franked dividend was maintained at 18 cents per B Class Share.

SunRice Chairman, Mr Gerry Lawson AM, said it had been a year of progress and SunRice delivering on its promises:

“We have delivered an exceptional financial result for the year and are today a considerably stronger business than we were even a year ago.

“We reclaimed leadership in key Middle Eastern markets, delivering an impressive 64 per cent increase in our sales volume in the Middle East over the past 12 months. Despite fierce competition in the Pacific, we achieved a 38 per cent increase in sales volumes. Solid progress was made in the markets of the North Pacific, Kiribati, Micronesia and the Marshall Islands. Over the past 12 months we also successfully re-entered the international tender market. Our import share increased to 9.6 per cent in Japan and to 8 per cent in Taiwan.

“We have delivered on our promise to significantly reduce what we viewed as unsustainable levels of gearing. Gearing levels were at 66 per cent at year end, a reduction from 102 per cent for the prior year. We have achieved this through a combination of actions, including outperformance across the group, reductions in working capital including reduced inventory holdings, lower capex versus depreciation and the positive impact of foreign currency at year-on-year end.”

Mr Lawson also advised growers and shareholders that the company would pay an indicative paddy price of \$260 per tonne for medium grain harvested in 2012.

“On the strength of our 2011/12 results and positive trading in the first quarter of the new financial year, we are delighted to be able to offer a strong indicative price for our growers so early in the year,” he said.

SunRice CEO, Mr Rob Gordon, said the focus for the year ahead was to consolidate the company's position.

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“During the year we delivered a strong paddy price to growers and a dividend to reward investors, while strengthening our balance sheet and better preparing the business to exploit growth opportunities.

“The current year has started positively. International prices are slightly firmer than where they ended last year and look like they will hold for the next three months. This is very good news.

“However, we are expecting the second half of the year to be more challenging due to price uncertainty and other global factors. We are also anticipating further cost pressures in the business – in particular the strong Australian dollar, rising energy and transport costs and the competition for skilled labour from other industries,” Mr Gordon said.

Also at today’s AGM, Russell Higgins AO retired as an External Director from the SunRice Board after seven exceptional years of service. “Russell has been an extraordinary Director and he's made a very significant contribution to the company and our industry. We wish him the very best for the future,” Mr Lawson said.

SunRice is in the process of appointing a new External Director and expects to make an announcement shortly.

Capital Structure Review update

The Board also provided further details of the Capital Structure Review at the shareholder meeting.

In June the SunRice Board announced a review of the company’s capital structure, specifically looking at the relevance and appropriateness of the current structure, as well as how the Board and management of the company can best deliver on the expectations of growers and shareholders in the current commercial environment.

Mr Lawson said the Review had commenced and was set to gather momentum over the coming months:

“The next chapter for SunRice will be about creating the right structures and developing a comprehensive strategy to build a more robust and financially resilient business. A business that has sufficient flexibility to capitalise on growth opportunities and the ability to deliver sustainable value and returns for growers and shareholders in an evolving – and often challenging – commercial environment.

“This will also include consideration of the ideal Board structure and the merits of a Paddy Supply Charter.

“The Capital Structure Review will involve a consultative process, taking into consideration feedback from our growers and shareholders, as well as other key stakeholders such as the Ricegrowers’ Association of Australia and the Rice Marketing Board for the State of NSW. Any proposed changes by the Board to our capital and governance structure will require the approval of shareholders,” Mr Lawson said.

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About SunRice

Ricegrowers Limited, trading as SunRice, is Australia’s leading branded rice food company, with products marketed in close to 60 countries around the globe. SunRice has annual sales of approximately AUD1 billion. Information – www.sunrice.com.au